p-54

App. F. IX-4

1924.

File No. 55-24.

Previous References (J. J.)

Serial Nos.
8 – 31-32-33 34
d 39

Later References
J T 119 28 11-b
J.T. 31-32-(154)
J.T. 4-34-4,5,9,12 to 16.

General and Revenue Secretariat.

Serial Nos. 5

Part B for June 1927

SUBJECT

Reciprocity arrangements in Income Tax matters between Mysore and the Civil & Military Station - Bangalore

---

General and Revenue Secretariat | GT File No. 53 of 192

Serial No

Subject discussed at the Residency meeting on 14th Aug 1925.

Extract from the note on the informal conversations:-

× × ×

6. "Whether the agreement between Mysore and the Govt. of India is Equally applicable to British India & to the Assigned Tract of Bangalore.

The Mysore Commr stated that he was prepared to concede the principle that the relief should continue to be given, that for fiscal purposes the C & M Station might be regarded as part of British India & the special reciprocal arrangement might be applied; but he wished to work the matter out and see the actual results."

8. Letter no. C 7879 4.11.25 from the Commr furnishing his opinion in the matter. →

Subd. This question has been at some length noted upon by Mr. Rangachar (late Asst. Secy) who has been of opinion that what is actually required is an agreement between the Govt. of India & the Assigned Tract in Income Tax matters. A typed copy of the note relating to question is kept in the

H

Serial No

2/ The Commr suggests two alternatives

(i) to take for purposes of computing the total income in Mysore, the income in the C&M Station from all heads specified in Section 6 of the Rules;

(ii) or the present reciprocal arrangements between the Mysore Govt & the Govt. of India may be extended to the C&M Station with the proviso that Mysore Salaries ~~pensions~~ pensions tho' paid in the C&M Station should not again be subjected to tax, as ~~the~~ Mysore tax will have been received at source.

As for (i) it may seem to result in an undue advantage to the Mysore Govt. over the C&M Station owing to the slight difference in the wordings of Section 16 of the Income Tax Law as in force in Mysore & C.M. Station. The income of the assessees derived from business connections alone is taken into account in the case of assessees outside Mysore doing business in Mysore also — i.e. while making assessments in the case of business whose head-quarters are in British India & branches in Mysore, it is provided that for purposes of fixing the rate the all India Income is taken into account. The arrangement is only in respect of business & not in respect of other items. The Commr suggests that if

NOTE—Contn. Sheet

Serial No

may be in respect of all items of income.

As for (i) It is just because that some assessees are evading the tax by virtue of their income being less than the taxable minimum in either of the places, the Comm^r seems to have made this suggestion.

(Illustrations to show this will be found in the Statement appended to the Comm^rs letter)

As regards (ii) in practice the reciprocal arrangements are being observed between Mysore & the C & M Station.

In the case of businesses conducted in the C & M Station of Bangalore, the income earned in the C & M Station is being taken into account for purposes of fixing the rate of tax in Mysore, as has been clear from the case of Haji Abdul Rahiman & Co.

3 In respect of salaries & pensions, the Mysore Govt. have agreed not to recover their tax from assessees drawing the same in the C & M Station though residing in Mysore

(Vide letter no. H 3674/8·T 19-22-48 17.2.23).

4 The Comm^rs idea is that it should be made clear that Mysore salaries & pension paid in the C & M Station should not be again subjected to tax there. ~~No tax is being recovered from Portion pension~~ In practice

NOTE—Contn. Sheet

Serial No

it is understood that this is ~~being~~ the case.

3 The whole question hinges on the point whether the C & M Station is a part of British India or of Mysore. It has all along been held that it is part of the territories of H.H. assigned to British Govt. & cannot be regarded as part of British India for fiscal or any other purposes.

It will be seen from the Budget Estimates of the C & M Station that Income Tax Revenue of that place is not regarded as All India Income. This is being shown in the pro-forma accounts of the Assigned Tract & the Govt. will therefore be getting a portion of the I.T. revenue realized there.

4 But another point that has to be considered in this connection is whether several firms doing business in the C & M Station, such as Spencer & Co, Wrenn Bennett, Oriental Life Assurance etc which have their head offices at Madras etc are being assessed there. It is understood that assessment is being made in the Head Offices. ~~and hence~~ This is resulting in loss to Govt.

5 A printed Collection relating to the reciprocal arrangements is put up.

W H
12/11.

Note—Contn. Sheet

Serial No

9 Two points arise in this case for decision viz., whether the Civil and Military Station should be - treated as part of British India with regard to the reciprocal arrangements in respect of incomes or - whether a slightly modified agreement has to be - adopted. In the P.U.D.the Commissioner suggests - a modification of the existing agreement with - British India. The modification is mainly with - regard to the definition of Total Income for pur- purposes of assessment of residents in Civil and - Military Station. Under the agreement with British India only income in British India from business is taken while calculating " Total Income" as per - Section 16 (1) of our Regulation. The Commissioner suggests that in view of the peculiar position of the Assigned Tract the definition of total income may be extended by agreement so as to cover all the heads specified in Section 6 of the Mysore Income - Tax Regulation. This may be done. After all what we are concerned with is the capacity of the - assessee to pay taxes and it is this that ought to determine rhe rate of tax ~~recoverable~~ taxable and as long - as it is agreed that the Assigned Tract forms part of the Mysore Territory there ought to be no - objection to include income in Civil and Military Station for purposes of ' Total Income'. Again - such an arrangement would avoid people escaping - taxes both here and in the Civil and Military - Station when the profits made in either place is less than the taxable limit. If this is not -

Serial No

possible, the Commissioner agrees to the extension of the present arrangement with British India to Civil- and Military Station also. But there is no reason - why this should not be possible as the only question is that relief should be afforded from double taxation and this is agreed to. While on this question, I would just like to submit an alternative proposal for consideration. The question now under consideration is how is income derived in the Mysore State from busines or otherwise to be taxed when the party resides in the Civil and Military Station and in the case of - income from other than business at what rate he is to be taxed. The solution offered in para 1 above is only one of the solutions. The other one I would - put forward is why not ask Civil and Military Station authorities to collect Tax even on Mysore income - also and ask them to refund to us the Mysore portion of the income ? It appears there is now a Special - Income Tax Officer for Civil and Military Station and as such, it is not likely that people could easily - escape taxation. In respect of assessees in Civil - and Military Station having income in Mysore the - Doputy Commissioner of Income Tax, Mysore and Bangalore Cities may be asked to supply all available informatio to Civil and Military Station and in consultation with the Civil and Military Station authorities have an - annual settlement of the Tax due to us and get the sam refunded. This would avoid all trouble in working and if this is worked in a harmonious manner would perhaps yield a substantially increased Revenue from residents

Serial No

in Civil amd Military Station to us.

10 Regarding the next question viz., necessity for an agreement between the Civil and Military Station and British India on the same lines as the one we have wit British India. Kind attention is invited in this connection to my predecessor Mr.Rangachar's note on this subject. It is understood that Companies doing business in Civil and Military Station with Head Quarters in Madras &c., are not paying income tax to Civil and Military Station as it is paid by their Head Offices. This means that so much of the Revenue that would have been credited to Civil and Military Station and would incidentally have raised the amount of surplus revenue due to us is being lost to us. Considering from this stand point it is necessary for us to see that all Income derived in the Civil and Military Station is assessed there only and the Tax due credited in the Civil and Military Station account only. The proposal made in para 2 above viz., that the Civil and Military Station authorities may assess on Mysore profits also and refund annually the portion due to us as agreed to between the respective Income Tax Officers would give us a chance of seeing whether all the Income Tax creditable is being credited to Civil and Military Station.

As to how exactly this Question is to be taken up with the Government of India and whether this should not be raised now only when the relations between the Civil and Military Station and the Mysore State re-

1771

[App. F. III—2

General and Revenue Secretariat | 3T File No. 53 | of 1924

Serial No

re- income tax are under discussion is a point for orders.

B
18/11

Rev see)

11 The extension of reciprocal arrangement in regard to affording relief to assessees from double taxation ~~as between~~ as between Mysore State and the C & M Station is a difficult question involving both financial and political considerations.

12 The Commissioner has pointed out that certai conventions and usages have sprung up during the past few years and the Income Tax authorities in t two administrations have practically assumed that the reciprocity arrangement existing between Mysor and British India are more or less applicable to Mysore and C & M Station as well.

13 Under the existing orders salaries and pensions of British Indian Officials drawn in C & M Station are not liable to Mysore Income Tax though such officials may be living in the Mysore State. And it is believed that a corresponding exemption is being allowed on the other side. As regards assessing business profits the Assista Commissioner's report shows that assessments of persons having business connections both in the Mysore State and C & M Station, are being made in practice as though the reciprocal agreement has already existed between Mysore and C & M Station.

14 According to the ~~xx~~ final note of the

Notes—Contn. Sheet

Serial No

the Residency Conference, "the Commissioner stated that he was prepared to concede the principle that the relief should continue to be given, that for fiscal purposes the C & M Station might be regarded as part of British India and the special reciprocal arrangement might be applied". The only reservation that he made at the time was that he ~~wished~~ would like to work the matter out and see the actual results.

15 The comparative statement prepared by the Assistant Commissioner shows that the present position under which the reciprocal arrangement is presumed to have existed is more advantageous than having no agreement at all.

16 In his present report the Commissioner makes two alternative proposals - the first proposal is that income of the assessees in the C & M Station should be treated as income under the Mysore Income Tax Regulation for purposes of computing the total income in Mysore, in other words residence in the C & M Station should be regarded as residence in the Mysore State for purposes of income tax matters, the assessee being however subjected to the Mysore tax on the Mysore portion of income alone This is an extension of the principle of taxing the business profits of assessees carrying on business both in British India and Mysore, to all classes of income. This view is in conflict with what the Commissioner is stated to have conceded at the Residency Conference. There is, however, no doubt that if this suggestion can be adopted it is a distinct advantage to Mysore. An amendment of

Serial No

the law is I think necessary and whether the Govt. of India would agree to this proposal is a point for consideration. Subject to this question being left open for consideration later, there appears to be no objection to agree tentatively to the 2nd proposal of the Commissioner to regularise the existing practice of extending the agreement with British India to the C & M Station, with a clear understanding that Mysore salaries and pensions though paid in C & M Station should be taxed in Mysore only and not in the C & M Station.

17 The other point raised by the Commissioner as regards the position of the C & M Station and British India in the income tax administration which affects the pro forma account of the C & M Station has been fully noted on already by Mr. Rangachar and on this important subject the Financial Secretary's opinion may also be obtained.

K.

Rev. Secy. to Govt.,
23-11-1925.

18 To L. L. Secy with compliments for favour of his opinion in the first instance. Vide remarks noted on the P. Note.

19 This is a question on which the Fin. Sec's opinion seems desirable.

20 I generally agree with the Revenue Secretary's (Compts) 11.12

2nd number) in Secy's opinion 11.12

5489/14.12.

21 Secy with Compliments

This is a question of Taxation on which the Financial Secretary's opinion is desirable. 15/12

Note—Contn. Sheet

Serial No

Rev: Sec:) CB 17.12.25

23 Orders may now be passed in respect of the Comm^rs proposal in para 5^a (b) P.a (Vide para 16 - supra) - L. L. Secy agrees with me.

24 If approved a draft letter to Secy will be put up.

h 18/12/25

2nd member 25/12

Lee 29/12/26 for draft

h 29.12

CB 29.12

Draft sent W 29/12

CB 23.12.25

Rev Sec:) 28 Draft received & put up.

2nd member dtd Secy) h 28/12

CB 29.12

29 Papers Please Submits to Diwan before issue

Lee 5/1/26 h 5.1.26

Diwan)

30 Hi, regret a Fu a/c is not last public Please send us Hindi Copy 29/1

DFN h 8/1

5629 18.12

5989 4/1

DEWAN'S OFFICE. 30, CH 5 JAN. 1926 C. No.... 5000

Note—Contn. Sheet

General and Revenue Secretariat | IT File No. 53- of 1924 | [App. F. III—2

Serial No

31 Subd. with a D.F.N.
KW
9/1/26

32 B
9/1

Rec'd
~~Recorded~~

33 Please put up a clean draft (Paras being renumbered) and which ~~was~~ needs checking.
I presume that no report has been submitted ~~to~~ yet re the Resy engineer.
k
9.1.26

1: 506
1/1/26

34 Subd. with a typed D.F.N.
B
KW
11/1.

B
11/1

2nd member
Chief Secy.
35 Ok
13/1/26.
14/1. k
In D.F.N.
B

36 D.S.N. Subd
B 15/1 KW

B
16/1

Rec'd
57 Reps para 30.
Drawing
k
16/1
B

38 Ush ad

DEWAN'S OFFICE,
REGD. ON 18. JAN. 1926
Reg. No. 5330

NOTE—Contn. Sheet

(13)

Submitted to His Highness.

I submit herewith a Final Note by the Second *Member of Council on the subject of* extension of the reciprocal arrangements in Income-tax matters to the Civil and Military Station, Bangalore *for His Highness' gracious approval.*

Dewan.

Bangalore,
19th January 1926.

10 JAN. 1926

S.N.

Final Note by the Second Member of Council. (14)

Subject:—

Extension of the reciprocal arrangements in Income-Tax matters to the Civil and Military Station, Bangalore.

39 Certain outstanding income-tax questions in regard to the grant of relief to assessees from double taxation were discussed at the Residency on the 14th of August 1925 by the Senior Member of the Central Board of Revenue, the Commissioner of Income-Tax, Madras and the Commissioner of Income-Tax in Mysore and a note of the informal conversations held at the time has been received from the Residency for taking such further action as deemed suitable.

2. 40 One of the questions discussed at the said Conference was whether the agreement between Mysore and the Government of India is equally applicable to the assigned tract of Bangalore as to British India". The Commissioner of Income-Tax in Mysore stated at the meeting 'that he was prepared temporarily to concede the principle that for fiscal purposes, the Civil and Military Station might be regarded as a part of British India to which the special reciprocal arrangement might be applied; but he wished to work the matter out and see the actual results".

3. 41 The Commissioner of Income-Tax has since examined the question and furnished his opinion in the matter. He suggests that for income-tax purposes in Mysore, income of the assessees in the Civil and Military Station under all the heads of income specified in Section 6 of the Mysore Income Tax Regulation may be treated as income under the Mysore Regulation for purposes of computing the "total income' in Mysore, the Mysore tax being however levied on the Mysore portion of the income only and that if this is not possible the existing practice may be regularised by extending the agreement with British India to the Civil and

military Station.

4. 42 In view of the peculiar position of the assigned tract the question of extending the reciprocal arrangements between Mysore and British India involving, as it does, both financial and political considerations requires to be carefully examined.

5. 43 Since the introduction of the Incom-Tax Regulation in Mysore, i.e., from 1st July 1920, certain conventions and usages have sprung up in the administration of the Law by the Income-Tax authorities in the Civil and Military Station and Mysore and the practical working between the two jurisdictions has been as though the reciprocal agreement had already existed

6. 44 An amendment of the Mysore Income Tax Regulation would be necessary for the adoption of the first suggestion of the Commissioner and whether the Government of India would agree to it has also to be considered.

7. 45 Pending further examination of the question on the political side, it is proposed to regularise the existing practice of extending the agreement with British India to the Civil and Military Station tentatively as recommended by the Income Tax Commissioner.

8. 46 The draft letter to the Residency put up in consultation with the Local and Legislative Secretary contains the views of Government in the matter and is submitted for the gracious approval of His Highness.

K. Seshadri

13.1.26

SECOND MEMBER OF COUNCIL.

(16)

STATEMENT OF CASES SUBMITTED FOR THE ORDERS OF HIS HIGHNESS THE MAHARAJA DURING THE TOUR OUTSID STATE IN..... JANUARY 1926

Serial No.	Subject	Orders of His H	Order regarding submission of files (*vide* foot-note)
504	Extension of the reciprocal arrangements in Income-tax matters to the Civil and Military Station, Bangalore.	D 4T approves Sanctions Camp Bombay 24.1.26 Law Secy 4b May the Dept 2d member) 6713/30/1 29.1.26. 1 1 Dec/30/1	c

NOTE.—The letter a, b or c may kindly be inserted by the Private Secretary to His Highness in the last column to indicate whether
File may be submitted at once ... ...a
File may be submitted after His Highness' return ... ...b
File may not be submitted at all c

1/12/26

y to the Hon'ble the Resident
No. Pol 635 & 2.2.26
States that He Mysore
have no objection to Cen/l
practice in regard to
other Govt. Sts
to the usual
course
SD L.

To

Sec/12

Dy Secretary

Member.

Sec
8/12/26
Sec
9/12

524 & 10.12.26

The Secy to G. Hon'ble the Resident
No. 579/134-1925 & 19.1.2
Communicates the views of the centra
Board of Revenue & also of the Collector, C
Station in the matter.

The Residency are agreeable to continu
the existing practice. It is suggested that
the words "drawn in the Mysore State"
should be added before the words "Mys.
officials" in paragraph 3 of this office letter

NOTE—Contn. Sheet

eneral and Revenue Secretariat

(17)

9.T File No. 33 of 1924

[App. F. III—2

Serial No 31

To.

The Secy to the Hon'ble the Resident
no. Pol 635 & 2.2.26

States that the Mysore Govt. have no objection to continue the present practice in regard to D.T. matters between Mysore & the C & M. Station & that they agree tentatively to the understanding arrived at the Residency conference -

50 Subd. with a Reminder to the Residency as no reply has yet been received.

WW 4/12 4/12/26

B 6/12

51 2-2 28)
V.P. Member.

8/12 6/12

52 8/12/26 8/12 9.12

Issued Pol no. 5124 & 10.12.26

From

The Secy to the Hon'ble the Resident
no. 579/134-1925 & 19.1.2

Communicates the views of the central Board of Revenue & also of the Collector, C & M. Station in the matter.

The Residency are agreeable to continue the existing practice. It is suggested that the words 'drawn in the Mysore State' should be added before the words 'Mys officials' in paragraph 3 of this office letter

OFFICE OF THE SECOND MEMBER OF COUNCIL
7 DEC. 1926
No. 3858

NOTE—Contn. Sheet

WD 01229—GPB—37,500—1-9-26

General and Revenue Secretariat

I.T File No. 53- (18) of 1924

Serial No.

5 With re. to the reciprocity arrangement between the Mysore Government and the Civil and Military Station, the Residency are agreeable to continue the existing practice. It is however suggested by them that the words 'drawn in the Mysore State' be added before the words "of Mysore officials" in paragraph 3 of this office letter dated 2-2-26. This makes the meaning clear and may be agreed to. This would also be similar to what we do for officials drawing salaries and pensions in C.& M. - Station residing in Mysore. The sentence as modified would read as under.- Under the existing arrangement "salaries and pensions of British - Indian officials drawn in the C.& M.Station are not liable to Mysore Income Tax though such officials live in the Mysore State and the salaries and pensions drawn in the Mysore State of Mysore officials who reside in the C. & M. Station are not assessed to income tax in the C & M Station" The portion in inverted commas will represent the arrangement now agreed to.

54 The Resy. State met the objection C the Station a ~~two other points have been raised~~ -

(i) that if a Mysore official has his salary or pension remitted by money order in the C & M Station or by special arrangement drawn it from a British Indian Treasury in the C & M Station, it would be liable to income tax there according to the above arrangement.

In this case, he would be taxed twice and we would have to refund our portion of the tax according to the existing reciprocal arrangements with the British Indian Government, as noted in the margin. We may say therefore that we agree on condition that the same applies to officials

1. Salaries & Pensions.

The servants of Government of India who are liable to tax in an Indian State may deduct the amount of tax paid to the Indian State from the tax which they are liable to pay to the Government of India.

NOTE. Contn.Sheet

Serial No.

2. Pensions.

Mysore Pensioners living in British India will pay tax only to the Government of India and will pay no tax to Mysore so long as the Mysore rates are lower than those of British India.

of the Civil and Military Station residing in Mysc and getting their salaries or pensions by money order. The refund will be given by the Governmer which taxes the income at source.

55 The Central Board of Revenue appear to have observed in this connection " that if a salary were earned in Mysore and drawn in British India it would be liable to tax both in Mysore and in British India (apart from any arrangement for double income-tax relief). As observed by the Residency this will not hold good to the Civil and Military Station where we have the separate arrangement noted in para 54 above according to which it is the place where the salary or pension is drawn and not the residence which is the criterion for assessment.

56 If approved a draft to the Residency will be put up on the above lines.

57 Copies of the communications between the Residency and the Government may be forwarded to the Commissioner for information and guidance.

B
3/3

FINANCIAL SECRETARY
4 MAR. 1927
No. 4977

FINANCIAL SECRETARIAT
5 — MAR. 1927

Final ds

57 The Resy letter raises an important point which requires further consideration.

56 In his letter of 4th Nov. 1925, the I. T. Commr. expressly stated that in agreeing to the continuance of the existing arrangement of reciprocity between the C. Prs Sps & Mysore, there should be a clear understanding that

NOTE—Contn. Sheet

WD 01229 –GPB –37,500 –1
App F. III—2]

Seri No.

That My Son Salary & Pensions has paid in the Chamba State should not again be subjected to tax there.

59 We cannot agree to the Resy proposal without obtaining information from the Commr of I.T as to what the present practice is, and getting his views with reference to A in para 4 of his letter referred to above.

60 Please send a copy of the Resy letter to Commr the Commr and call for info & views as above.

h
4.2.27

61 Draft Sibal
W 7/3 by

62 May this issue? The P.S.D has not been seen by the Member or the Dewan

B
8/3

Fl 88)

4265

63 If approved, the Commr of I T may be contacted unofficially.

64 Reference is invited to the qualifications suggested by Mr. Dhyanaya Jee in para 5 of Hy S. Should the Resy raise objection.

65 Further information as regards the present practice has been obtained from the I.T.C before the matter can be taken up for disposal.

1st - Member

66 11/3 h 9.2.27

9299 10/3

4403 11/3/27

NOTE—Contn. Sheet

Serial No.

H.W.6.133-26
28.4.27

67 Forwarded to the Commissioner of Income Tax with compliments. A very early return of the file is requested

By
B Rajaswendra
for H 15/3

Draft
15/3/27.

U.O. No. C.737/24-25 Dated 1st April 1927.

68 If the Civil and Military Station authorities do not concede that the C. & M. Station is part of Mysore, then the modification suggested by the Residency to para 3 of the Revenue Secretary's letter No. Pol.635 dated 2nd February 1926 and referred to para 53 of the Secretariat Note may be accepted.

69 The present practice in the matter is that the British pensions drawn in C. & M. Station by residents in Mysore, and Mysore pensions drawn in Mysore by ~~British Pensioners~~ residents in the C & M station are not subjected to Income Tax by the Government of the place of residence.

S Ramaswamy
Commissioner of Income Tax.
RH 2/4/27

To- The Financial Secretary to Government.

70 Submd.
VN 2/4

The Commissioner's opinion is not acceptable

B
12/4

FINANCIAL SECRETARY
4 APR.
No. E.A.G. 5891

NOTE- Contn. Sheet

a/s 7/4. 9T
A
4/4
By

7165) 7 Decision regd - Immediate
the point clear h 14/4

WD 01264—GPB—40,000—17-12-23
[App. F. III—2

General and Revenue Secretariat

I.T File No. 53- of 1924

Serial No.

33 To The Comm^r of Income Tax no. 193 & 14.4.27
Enquires if there are any cases of Mysore officials drawing their salaries or pensions by special arrangement in the C&M Station whether by means of money order or thro' the Govt. Treasury there &c so how they are dealt with there.

34 From The Same offices no. C 737 & 30.4.27
Informs that there are no cases of the kind referred to; if such had existed these would have been subjected to a double levy both in Mysore & the C&M Station in the absence of any reciprocal arrangements between the two areas.

72 Submitted.
W 4/5

Kindl reference is invited to paras 53 to 57- & 58 for previous discussions on this subject. For instns whether we may agree to the Resr suggestions & a diff^t point may be put up as per paras 53 to 55-

B 7/5

Fess)

73 In View of para 1 of the I.T.C's letter of 30th April 27, the double levy of tax on salaries & pensions of Mysore officers residing in the C&M Station is not a question of pressing importance. I think we may accept the

FINANCIAL SECRETARY
10 MAY 19
No. 695.

NOTE—Contn. Sheet

WD 01229—GPB —37,500—1-9-26
App F. III—2]

'General and Revenue Secretariat

JT File No. 53 of 1926

Serial No.

OFFICE OF THE SECRETARY OF COUNCIL
23 MAY 1927
No. 7040

7688
26.5.27

This case has also to be subm. to the Dewan
Bz

7974
2.6.27

OFFICE OF THE SECRETARY OF COUNCIL
4 JUNE 1927
No. 7282

8241
7.6.27

DEWAN'S OFFICE
Received on
9 JUN. 1927
Regd No. 7601

9379
11/6

B 39

View of the Resy communicated in para 3 of his letter of 6th April 27 - The matter may be allowed to rest as that.

2nd member
6
20/5/27

74 I agree
Bz
Mhr -
26.5.27

75 Draft
26/5
Bz

76 Draft Sd
WW
27/5
Bz
2/6

(88)
2nd member
Dewan)

77 I
7/6/27
Bz

78 Sd
7.6.27
H

Jm.
10.6.27

L
Issue
Bz
10/6

Pol 1092 dated 17-6-1927
to the Secretary to the Resident in Mysore
States that the Govt of Mysore accept the views communicated in para 3 of his Letter dated 1-4-1927 (ie. of 32)

JT 9288 d 18-6-1927
Copy to the Commr of Income Tax for information and guidance

NOTE—Contn. Sheet

69]

Please refer to
No. C. 737 24-25
End. 4

19160.

OFFICE OF THE COMMISSIONER OF INCOME TAX IN MYSORE,
Bangalore 4th November 192 5

From

V. R. Thyagaraja Iyer, Esq., M.A.,
Commissioner of Income Tax in Mysore.

To

B. Srinivasa Iyengar, Esq., B.A., B.L.,
Secretary to the Government of Mysore,
Revenue Department, Bangalore.

GENL. & REV. SECTT. Br. 6 NOV. 1925 G. D. SECTION.

Sir,

With reference to correspondence ending with your No. Fl.2275 dated 26th October 1925 regarding the question of extending the reciprocal agreement in Income-tax matters to the Civil and Military Station, Bangalore, I have the honour to report as follows:-

2. In theory and practice, the Civil and Military Station, Bangalore is a tract of Mysore State assigned to the British Government for administrative purposes. The Mysore Income Tax Regulation is not in force in the assigned tract which is surrounded on all sides by Mysore State territory, the British Indian Income Tax Act being in force in the assigned tract. The result is that certain conventions and usages (vide para 12 on page 86 of the Mysore Income Tax Manual Part I) have sprung up in the course of the past few years (i.e. since 1920) and that, as pointed out by the Special Assistant Commissioner in his report dated 8th October 1925 (copy herewith sent) "the practical working between the two jurisdictions has hitherto been as though the reciprocal agreement had already existed between them". The present position is thus one somewhere between one under which no

no agreement exists and another under which the position has been clearly defined. From the statement of illustrative cases appended to the Assistant Commissioner's letter, it will be seen that there is little or no difference in taxation under the present position and under the proposed extension to the Civil and Military Station of the existing agreement with the Government of India.

3. After careful consideration of the letters of the Deputy Commissioner and of the Assistant Commissioner (copies of which are herewith forwarded), I am of opinion that clear agreements are necessary on the following points:-

(a) What should be the position of the C. & M. Station towards Mysore State in Income Tax matters?

(b) What should be the position of the C. & M. Station towards British India in Income Tax matters?

The informal conversations in the Residency related only to the first point and not to the second point. A clear agreement on the second point is obviously necessary in view of the claim of the Mysore State to the surplus revenues of the assigned tract; but the question may perhaps not fall within my province as Commissioner of Income Tax, though it is impossible to avoid a reference to it.

4. The theory of the Income Tax law both in Mysore and in British India is that the tax is leviable at the place where the income etc. is derived or accrues and not at the place where the assessee resides. Thus section 42 refers to cases where income accruing in Mysore to non-residents is liable to income-tax and clause (3) of section 11 refers to a case where accrual outside Mysore is governed by the residence

residence of the assessee within Mysore. But in the large majority of cases which occur in practice, income usually accrues at the assessee's place of residence; and it is only in cases where the place of accrual of income and the assessee's place of residence are different that questions of double taxation arise for solution.

Further while under the Mysore Income Tax law the "total income" includes business income etc. in British India (vide section 16(1) of the Income Tax Regulation) there is no such corresponding inclusion, according tothe British Indian definition of "total income", of income earned outside British India. These vital points do not seem to have been fully brought out in the reports of the Deputy and Assistant Commissioners of Income Tax.

5. With these prefatory remarks, I now proceed to give my views on the first point.

(a) That for Income-tax purposes in Mysore, income in the Civil and Military Station, Bangalore from all the heads of income specified in section 6 of the Mysore Income Tax Regulation, 1923 should be taken for purposes of computing the "total income" in Mysore in view of the peculiar position of this assigned tract though the Civil and Military Station Income Tax authorities cannot do the same under the Indian Income Tax Act XI of 1922 which is applicable to that area and will in this respect be in the same position as the Income Tax authorities in British India.

(b) Ifthe above suggestion is not possible, the only alternative is to regularise the existing practice by

by extending the agreement with British India to Civil and Military Station, Bangalore in order to avoid double taxation of income from salaries including pensions, Business etc. with a clear understanding that Mysore salaries and pensions though paid in the Civil and Military Station should not again be subjected to tax there.

6. A separate report will be submitted to Government as regards the extension of the agreement to avoid double taxation of incomes both in Mysore and in British India under property, professional earnings and other sources including dividends, the last two of which were also discussed at the Residency.

7. Re: the 2nd point, it seems to me that as between Civil and Military Station and British India, the former should be treated as part of Mysore State in regard to income-tax matters in order that Civil and Military Station revenue should receive its due share of income-tax, but this question is one which can be gone into more appropriately by Government.

8. I may add that I discussed these matters personally with the Deputy and Assistant Commissioners after receiving their reports and that this letter embodies the final result of such discussions.

I have the honour to be,
Sir,
Your most obedient servant,

5/11/35

Commissioner of Income Tax.

Letter No. nil dated the 8th October 1925 from the Assistant Commissioner of Income Tax for Bangalore and Mysore Cities and Taluks, to the Deputy Commissioner of Income Tax for Bangalore and Mysore Cities and Taluks.

Replying
~~With reference~~ to your office memo No. Nil dated 2nd September 1925, in the matter of extension to the assigned tract of the existing reciprocal agreement, I have the honour to state as under.

In the absence of any definite understanding between Mysore and Cantonment, the practical working between the two jurisdictions has hitherto been as though the reciprocal agreement had already existed between them. Between the absence of any understanding at all and the presumption of the existence of this reciprocal agreement, the latter course could not but be adopted as being more advantageous especially as the Cantonment authorities did so also. Many of the persons doing business within the City of Bangalore either do business in Cantonment also or are residents there. If the above principle were not adopted, the tax levied by us would either have been at a lower rate or not at all.

It was with a desire that the subject might be scrutinized so as to set the conditions on a more satisfactory and equitable basis that I recommended residence within Civil and Military Station being regarded as residence within the City limits and vice versa. The recommendation was made once in connection with my remarks called for by Government about the assessment to Mysore Income Tax of the profits of the Ajmir Life Assurance Company. It was repeated in my Administration Reports for 1923-24 and 1924-25. If this

this fundamental condition is not conceded, it is likely that persons can so manipulate their affairs or the affairs may so exist, that tax can be evaded in both jurisdictions. For example, 'A' living in the Civil and Military Station has property there giving him an income of Rs 1,500 per year and he runs a business in the City giving him an income of Rs 2,000 per year. He cannot obviously be taxed by us, and by concealing the existence of his business here or by asserting that income earned here is not taken there, he can escape tax in Cantonment also. Actually speaking he ought to pay Income-tax on Rs 2,000 at 3 pies and on Rs, 1,500 at 5 pies. Seeing that the surplus revenues of Civil and Military Station accrue to us it is clear that all income due to Mysore Government by way of tax either paid directly to Mysore Government or indirectly through the Civil and Military Station authorities should be collected and nothing should be lost on account oftechnical grounds, and if cases like the above escape, the Mysore Government certainly loses its tax both ways.

There are also cases like he Imperial Bank, Whiteaway LaidLaw, Wrenn Bennett, Addison, Spencer and Company, etc. which I am given to understand are not only not taxed in the Cantonment on the ground that their Head Offices which are in British India have been taxed to British Indian Income-tax (including the Cantonment income) but what is more, we are practically debarred, by reason of their residence outside the City limits from assessing their incomes on business done by them in Mysore Province which, in some cases, is enormous Practically the Civil and Military Station is treated by the British Authorities as part and parcel of their own area in as

as much as tax not collected here is collected in other parts of British India. But there is the broader and more important question thatseems to require consideration in this connection namely that the Tract has been assigned to British Government for certain purposes only, and, that the complete fiscal rights have not been given away, is clear from the fact that the surplus revenues after defraying the management expenses are handed over to the Mysore Government. I have not been able to find out how the income-tax revenues of Civil and Military Station have been treated - whether merged in the Imperial Revenues as is the case with the income-tax revenues of the several British Indian Presidencies or as the Revenues of the Civil and Military Station solely. If it is the former which I believe it is, then we totally lose the income that properly belongs to us and if it is the latter we partly lose it for reasons assigned above.

I have enclosed herein a comparative statement showing the effect of (1) absence of any arrangement (2) extension of the present arrangement between British India and Mysore and (3) arrangement suggested by me below.

This statement is compiled both from cases actually on my file and from hypotehtical cases which might arise hereafter and which appear clearly to bring out the difficult points of each case.

Under the circumstances enumerated above, the only arrangements that seem to me to cover the defects and avoid losses are:

(1) Treatment of Civil and Military Station as part and parcel of Bangalore City (Mysore Province) for Income-tax purposes. This arrangement to hold good for both Administrations.

(2) Extension of the present reciprocal agreement between British India and Cantonment and not between Mysore and Cantonment.

(3) Enunciation of principles regulating the working of the Income-tax Administration between Mysore and assigned tract on the same lines as those of the present reciprocal arrangement between Mysore and British India in so far only as avoidance of double taxation requir

'Copy'

For Commissioner of Income Tax.

Letter C. No. 123/25-26 dated the 19/20th October 1925 from the Deputy Commissioner of Income Tax, Bangalore and Mysore Cities and Taluks, to the Commissioner of Income Tax in Mysore.

With reference to your memo No. C.737/24-25 dated 30th September 1925 calling for a report on the question of the reciprocal arrangements existing between the Government of India and Mysore Government to the assigned tract (C. & M. Station) also, I have the honour to forward, herewith, two statements, one indicating the practice now followed and another explaining the different aspects of the case together with the report of the Assistant Commissioner in original, and to state as follows: The reciprocity arrangements at present in force between the Government of India and the Government of Mysore relate chiefly to the following matters:

(a) Relief from double taxation in respect of the salaries of the servants of the Government of India or the Mysore Government (vide G.O. No. 6418-27/I.T.1-19-35 dated 18th May 1922).

(b) Relief from double taxation in respect of pensions drawn by British or Mysore pensioners (G.O. No. Fl.326-36/I.T. 23-21-13 dated 18th July 1924)

(c) Relief from double taxation in Mysore and British India in the case of assessees carrying on business both in British India and Mysore State (G.O. No. Fl.704-I.T.23-23-8 dated 29th July 1924).

(d) Exemption in the case of interest on securities of the Government of India and of the Durbar.

It will therefore be necessary to consider whether it is necessary at all to extend these arrangements to the C. & M. Station also and if so to what extent It may at the outset be stated that in the absence of a definite understanding, assessments in the case of businesses having dealings both in the State and in the assigned tract are being made here as though the reciprocal arrangements existed. Even here a case of double taxation would seem to have dropped up which will be referred to infra.

First, as regards salaries and pensions, it is seen that according to G.O. No. Fl.3674-I.T.19-22-4 dated 17th February 1923, a special arrangement has been agreed upon between the Government of Mysore and the Civil & Military Station authorities whereby the salaries and pensions of British Indian officials which are drawn in the Civil and Military Station are not liable to Mysore Income Tax though such officials may be living in the Mysore State. There appears however to be no such definite understanding as regards salaries and pensions drawn by the servants of the Government of Mysore or Mysore pensioners living in the Civil and Military Station although as a matter of fact no complaints have reached us of any instance of double taxation in the case of such persons. It will therefore be seen that the existing practice in this connection is working quite satisfactorily and that while it is not necessary to extend the reciprocity arrangements as between the Government of India and Mysore to the assigned tract, it is perhaps useful to have reciprocal arrangements in regard to Mysore State officials and pensioners residing in Civil and Military Station similar to that ~~received~~ arrived at in the order of February 1923 referred to supra. Further it would not appear to be sufficient to safeguard the interests of the State officials and pensioners only. We have to consider also the case of certain residents of the Civil and Military Station who as employees in business concerns in the City draw salaries which are taxed at source in accordance with the provisions of our Regulation. It is possible that in the absence of a definite understanding, these persons may become liable to taxation again in the Civil and Military Station, their income from salaries here being regarded there as "Income from other sources". Relief should be guaranteed in such cases, since

since deduction is legally made here, the income ac arising and being received here. In these cases no tax should be levied again in the C. & M. Station.

Secondly, as regards "Business", assessments are being made here taking into consideration only the income derivd from business carried on within the State, although the rate is determined with reference to the total income in both areas. Even in this connection, a case of double taxation would seem to have arisen and as it appears to me to be a typical case, a reference will be made to it here. The case refers to the assessment of the firm of Messrs. Hajee Abdul Rahimon and Sons. In this case the assessees carried on extensive business within the State, although resident in the Civil and Militarv Station. Thev were assessed on what appeared to be the profits earned by them within the State. A reference to the Chief Court was made at their instance as regards their liability to pay tax in Mysore when their place of business was in the C. & M. Station. Although the case was disposed of in favour of the assessing authorities here, it is seen that the decision was based not on th inherent liability of the firm to be assessed here for business done within the State but on the technical consideration that as contracts were entered into and payments made here, the firm must be regarded as having done business here. If the formality of entering into contracts and receiving payments had been gone through in the C. & M. Station I doubt whether the decision would have been in our favour. his case therefore raises two important points for consideration viz., (1) Whether or not it would be a disadvantage

disadvantage to treat the assigned tract area as a part of British India and (2) as a consequence of (1) the difficulty of assessing businesses having their place of business in the C. & M. Station, but carrying on dealings within the State. It is obvious that the extension of the reciprocity arrangements in regard to this matter into the Civil and Military Station treating the area as part of British India is distinctly disadvantageous to us and it will only be a means of enabling traders in British India to successfully evade taxes in Mysore. For it will afford an easy way for British Indian business concerns doing business within the State to establish agencies in the C. & M. Station and escape liability here. I would not therefore advocate the acceptance of the arrangement. ~~I would~~ Further to treat the C. & M. Station area as part of British India prevents us from deriving the benefit of taxing certain export trades which are carried on in the State contributes to a considerable extent to the gains of such concerns. I refer here to such trades as export of bones, hides, guts etc.

Thirdly there are numerous instances where, owing to the absence of a proper understanding between the two administrations, persons deriving assessable income have escaped taxation in both the jurisidictions. These are cases where while the total income derived in both the areas is above the taxable limit, the income in either of the areas is below such limit. It will therefore be a distinct disadvantage both to the assigned tract administration as well as to the Durbar, to treat the Civil and Military Station area as a part of British India. Further it has to be borne in mind that the C. & M. Station area has been assigned for certain specific purposes only of which the fiscal aspect would not seem to be a part since the surplus revenues

revenues of the tract accrue to the Government of Mysore, and the revenues of the assigned tract have nothing to do with the Imperial revenues. It is, therefore, our concern to see that the revenues there are fully conserved.

Lastly there is one other point for consideration and this is perhaps the gist of the whole question. The real question for consideration is not whether or not the Civil and Military Station area should be treated as part of British India and reciprocity arrangements extended thereto but whether or not in the interests of the revenue of the State and the C. & M. Station, it is essential to insist upon some agreement being reached regarding Income-tax matters between the Government of India and the Civil and Military Station as between the Government of ~~India and th~~ Mysore and British India. I invite kind reference in this connection to the remarks of the Assistant Commissioner in para 4 ~~(page 2)~~ of his report, which brings out the full force of this contention. In the light of the above observations it will be seen that it will not be advantageous to us to concede the point that C. & M. Station area may for Income-tax purposes be treated as part of British India and the reciprocity arrangements extended thereto. On the other hand, we have to urge first that no territorial distinction should be made between the C. & M. Station area and the Mysore State although the administration of each area may be separate and secondly that the Civil and Military Station area should be treated not as part of British India but as a unit quite distinct from British India for fiscal purposes, so that the benefit accruing from the taxation of branches in C. & M. Station of business concerns having their headquarters in British India

India may be fully availed of (For e.g. such business concerns as Messrs. Addison, Spencer's, Whiteaway's and Wrenn Bennett's etc. all of which I believe are taxed at the place where the Head Office is situate).

As regards the understanding to be arrived at between the Government of Mysore and the assigned tract administration, the following points would require to be kept in view:-

(a) that salaries by whomsoever paid taxed at source in Mysore in accordance with the provisions of the Regulation should not be taxed again in the C. & M. Station area.

(b) That pensions taxed at source here should not be taxed again in the C. & M. Station.

(c) That concerns carrying on business both in C. & M. Station and within the State may be assessed to Income-tax in both areas in the proportion of the profits earned ~~ascertain~~ according to the rates applicable to the total income irrespective of the place where the business centre is located.

(d) No distinction should be made as regards residence between the C. & M. Station area and the City area, although assessments may continue to be made separately by the two administrations. (vide point No. (1) urged in the concluding portion of the Assistant Commissioner's report).

(e) That in order to determine the question of assessability or otherwise as also to determine the rate at which assessment should be made in each area, the total income derived in both the areas from all sources should be taken into consideration. This circumstance necessarily follows if the previous point is conceded.

With the above remarks, I submit the statements explanatory of the present practice, the effect of extension of reciprocity arrangements and the adoption of arrangements which would ensure to the benefit of both the C. & M. Station administration as well as the Mysore State.

'Copy'

For Commissioner of Income Tax.

No.	Name and address.	Sources of income and amount.		Total under Sec.16(1).	Incometax assessable in Mysore. Present position.	Proposed position.	Remarks. (when no agreement exists-I.T. assessable in Mysore).
		In Mysore.	C.& M.Stn.				
1.	Messrs. Ratilal Bros. (P.B.103).	Business. Rs. 5,634.	3,877.	9,511	5,634 @ 4½ pies	5,634 @ 4½ pies.	5,634 @ 3 ps.
2.	V.K.Abdul Rahiman & Co. (P.B.87)	" 20,852.	11,144.	31,996.	20,852 @ 6 pies.	20,852 @ 6 ps.	20,852 @ 4½ ps.
		Property. ..	1,226.	1,226.			
3.	Manickyam Bidi & Co.(P.B.216).	Business. 3,630	3,009.	above 9,000.	3,630 @ 4½ pies	3,630 @ 4½ ps.	3,630 @ 3 ps.
		Property. ..	3,605.				
		Interest. ..	914.				
4.	Rajkumar. (P.B.158).	Property. 1,828	13,000.	Cannot be done under the Regn.	1,828 @ 4½ "	1,828 @ 4½ "	no assessment.
5.	Ebrahim Sait & Co.(P.B.161).	Property. 12,104.	6,000.	12,104.	12,104 @ 4½ "	12,104 @ 4½ "	12,104 @ 4½ ps.
		Business. ..	..				
6.	Hypothetical case:-						
	Mysore Govt. Officer residing in C.& M.Stn.	Salary. 5,000.	4,000.	5,500	5,500 @ 3 ps.	5500 at 3 pis	It is likely that asst.in C. & M.Stn.may be made on 9,500/- and the party may thus be liable to double taxation.
		Property & other sources. nil 500.					
	An employee in Mills residing in C.& M. Station.	7,000.	2,500.	7,000	7,000 @ 3 ps.	7000 at 3 pis	-do-

G. Madhava Rao

for Deputy Commissioner of Incometax in Mysore.

Remarks by the (treating

...e-tax assessable in Civil and Military Station.

...rge-...eviously ...ed ...leit.	If proposed Extension. were made	If My Suggestion. is adopted	Excess over ~~present~~	Case No	In Mysore	
					Under the Mysore I. T. Regulation.	
					Total income	Assessable income
	13.	14.	15.		16	17
	On 2253	On 2253 and on 2134 at 2 pies	On 2134 at 2 pies.		Rs. 4,387	2,134
	nil	On 1800 at 5 pies and on 2134 at 2 pies	On ~~1800 at~~ 5 pies and on 2134 at 2 pies.	2	Rs. 3,934	2,134
at	At 9 pies on 7347 and at 4½ pies on 4883	At 9 pies on 7347 and at 4½ pies on 4883.		3	Rs 12,230	4,883
	nil	On 1800 at 5 pies and on 1500 at 2 pies	1800 at 5 pies and on 1500 at ~~2 pies~~	4	Rs. 3,800	1,500
	nil	On ~~1600 at 5 pies and on~~ 2160 at 2 pies.	On 1800 at 5 pies and on 2160 at 2 pies.	5	Rs. 3,960	2,160
at	On 3000 at 5 pies	On 5200 at 6 pies and on 2200 at 3 pies.	On 2200 at (5 pies plus 3 pies).	6	Rs. 5,200.	2,200
at	On 3000 at 5 pies.	On 3000 at 6 pies and on 2200 at 3 pies	On 3000 at 1 pie and on 2200 at 3 pies.	7	Rs. 5,200	2,200
	-	-	-	8	No figures given by the Ass	
nt	nil	On 7000 at 1 anna 6 pies	On 7000 at 1 anna 6 pies.	9	Nil	Nil
	nil	On 7000 at 1 anna applicable to the total income of the firm.	On 7000 at 1 anna.	10	Nil	Nil

G Madhava Rao

Assistant Commissioner of Income-tax.

8/10/25

...commissioner of Income Taxes in Mysore
...civil and Military Stations as part of Mysore.)

In civil and Military Stations Bangalore.		Remarks.
Under the Indian Income Tax Act.		
Total income	Assessable income	
18	19	20.
The Hd Qrs. of the business is in the Civil Station Rs. 3,379	3,379	
The Hd Qrs. is in Bangalore City Rs 2,253.	2,253	
1,800 Below taxable limit.	1,800 Below taxable limit.	
The Hd Qrs. of the business is in the Civil Station Rs. 12,230	12,230	
The Hd Qrs. is in Mysore Rs. 7,347	7,347	
1,800 Below taxable limit	1,800 Below taxable limit.	
1,800 Below taxable limit	1,800 Below taxable limit.	
3,000.	3,000	
The dividends are received in the Civil Station Rs 5,200.	Rs. 5,200	
The dividends are received in Mysore Rs 3,000.	Rs 3,000.	
The Commissioner of Income Taxes.		
7,000 +	7,000	
7,000 + Income in British India	7,000	

If the Hd Qrs. of the business is in the Civil Station it will be treated as part of Mysore, Hence income in Cases Nos 1, 2, 4, 5, 6 and 7 which is below Rs 2,400 (the taxable minimum) will be liable to tax in Mysore as the total income both in Mysore and in the Civil Station Bangalore put together exceed the taxable minimum, In case No 3 a higher rate of tax is assessed on the Mysore portion of the income.

The income in the Civil Station which is treated as part of Mysore, is excluded from assessment

For Commissioner of Income Taxes in Mysore

G.V.N.

No.	Name and address.	Sources of Income.		Income
		In Mysore.	In Civil & Military Station.	In Mysore.
1.	2.	3.	4.	5.
1.	Shrieves and Co., (1923-24) (Residence in Civil and Military Station)	Property and Business.	Business	1008 1126
2.	Hypothetical	Property and Business.	Property	1008 1126
3.	Haji Zainulabdeen and Co., Jeevanhalli (1924-25)	Business	Business	4883
4.	Mirza Ali Asker (1923-24) (Residence in Civil and Military Station)	Property	Property	1500
5.	Hypothetical (Residence in Civil and Military Station	Salary	Property or Business	2160
6.	-Do- Residence City	Property or Business	Salary	2200
	-Do- Residence in Civil and Military Station.	Dividends of Joint Stock Companies in Mysore	Salary or Business or any source	2200
	-Do- Residence City	Salary		
	ypothetical se Madras pany.)	nil	Business	nil
10.	Hypothetical case (A Madras firm)	nil	Business	nil

Bangalore

Dated 8th October 1925.

n Civil & ilitary tation.	Total Section 16.	Income-tax assessable in Mysore.			Excess over present.	Inc
		No arrangement existed either in the case of copiest	Proposed Extension. were made	My Suggestion. Adopted		No arr men either case exp
6.	7.	8.	9.	10.	11.	12
2253	3379 plus 1008	nil	On 2134	On 2134	-	On 22
1800	Does not apply.	nil	nil	On 2134	On 2134 at 3 pies	nil
7347	12,30	at 3 pies on 4883	At 4½ pies on 4883	At 4½ pies on 4883	-	On 734 6 pie
1800	Does not apply.	nil	nil	On 1500 at 3 pies	On 1500 At 3 pies	nil
3000		nil	nil	On 2160	On 2160	nil
1800		nil	nil	On 2200 at 3 pies	On 2200 at 3 pies	On 300 5 pie
3000		nil but refund on 2200 at one anna	nil but refund on 2200 at 1 anna.	On 2200 at 3 pies and refund at 9 pies on 2200.	On 2200 at 3 pies and refund at 9 pies on 2200.	On 300 5 pie
7000		nil	nil	nil	nil	On 700 1 anna pies
7000		nil	nil	nil	nil	On 70 6 pie

G.T 58-24-8

Pol. 635-B 2/2/26

To

The Secretary to the
Hon'ble the Resident.

Sir,

I am directed to invite reference to para 6 of the note(reproduced in the margin) on the conversations held at the -- Residency on the 14th August 1925 and to state as follows:-

5. Whether the agreement between Mysore and the Government of India is equally applicable to British India to the Assigned Tract of Bangalore"

2. In view of the peculiar position of the Assigned Tract the question of extending the reciprocal arrangements in force between Mysore and British India in their ~~limits~~ entirety requires careful consideration.

5. Under the existing arrangements salaries and pensions of British Indian -- Officials drawn in the C and M station are not liable to Mysore Income Tax though such officials live in the Mysore State and the Salaries and pensions of Mysore Officials who reside in the C & M station are not assessed to income-tax in the C & M station.

4. Certain conventions and usages appear to have sprung up in the administration of the Income Tax law by the Income Tax authorities in the C & M station and Mysore, both of whom have practically assumed that the reciprocity arrangements between the Mysore Government and the Government of -- India in regard to the relief from double taxation of assessees in respect of income from salaries, pension and business profits, are more or less applicable to Mysore and the Assigned Tract as well.

5. I am to state therefore that the Mysore Government have no objection to continue this practice and that they agree tentatively to the understanding arrived at the Residency Conference ~~with the Qualification~~ provided that the question of reciprocal arrangements between ~~the~~ Mysore and the Assigned Tract may be further examined at the option of either administration if and when such a course is considered necessary and desirable.

lee

'provided may perhaps be substituted for 'with the qualification'.

Jafree 31.12 lee

I have etc.,

Secretary to Government.
Revenue Department.

F. VI. Gl.]

UBJEC ....

....

....

Section 9.T.

File No. 53.24

Serial No.

No. Pol. 524

Diary No. of letter replied to.....

To

The Secy to the Hon'ble
the Resident

General and Revenue Secretariat

( )

the *192*

Sir,

I am directed to invite reference to the correspondence ending with this office letter no. Pol 635 of 2nd Febr 1926 in regard to the question of extending the reciprocal arrangements in income tax matters to the C & M Station Bangalore & to request to be informed how the matter stands.

I have etc

for Secy to Govt
L.D. Depts

4/12/26

...ate of issue 10—12—26

...d by Asst Bs : Ms

enclosures.....

.....

by.....

over

WD 01265—GPB—31,000—24-12-25

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

FINANCIAL SECRETARIAT. 20 JAN. 1927

No. 5-79 ENC. 134-1925

19 - 19 Section. Pol. 832

FROM G.T 55-24 -32

Major K. A. G. Evans Gordon,
SECRETARY TO THE RESIDENT IN MYSORE.

GEN. 19 JAN. 1927 C.T.

To

The Secretary to the Government of Mysore,
Local and Legislative Departments.

Dated Bangalore, 19th January *192* 7.

Subject.

Reciprocal arrangements in regard to salaries and pensions drawn in the Civil and Military Station by British Indian officials residing in the Mysore State, and salaries and pensions drawn in the Mysore State by Mysore Officials - residing in the Civil and Military Station.

SIR,

I am directed to refer to your letter No.Pol.524/ I.T. 55-24, dated the 10th December 1926, in which you ask to be informed how the above matter stands.

2. In view of the statement contained in the last paragraph of Mr. B. Srinivasa Iyengar's letter No.Pol.635/ I.T. 55-24, dated the 2nd February 1926, that the Government of Mysore had no objection to continue the existing practice, a reply to that letter appeared to be unnecessar

3. The Collector, Civil and Military Station, - Bangalore, considers that the words "drawn in the Mysore State" should be inserted between the words "pensions" an "of Mysore Officials" in paragraph 3 of Mr. Srinivasa - Iyengar's letter referred to above, to make the second part of the paragraph in accordance with the law and parallel to the first. In his view, if a Mysore Official has his salary or pension remitted by Money Order to him in th Civil and Military Station, or, by special arrangement, draws it from a British Indian Treasury in the Station, it would be liable to income-tax in the Station.

4 3. The Central Board of Revenue have been informed of the arrangements. In acknowledging the letter, they also invite attention to the fact that, if a salary were earned in Mysore and drawn in British India, it would be liable to tax (apart from any arrangements for double income-tax relief) both in Mysore and in British India. It appears to me, however, that this principle does not affect the reciprocal arragements entered into, by which salaries and pensions of British Indian and Mysore Officials are taxed where they are drawn, apart from where such officials reside.

I have the honour to be,

Sir,

Your most obedient servant,

K Rees-Gordon

Major.
SECRETARY TO THE RESIDENT.

A.S.B.

D.No. 193

G.T 55-24-33

14/4/27

B.Srinivasa Iyengar,Esq., B.A.,B.L.,

S.P.Rajagopalachari,Esq., B.A.,B.L.,
Commissioner of Income Tax in Mysore,
Bangalore,

With reference to the correspondence ending with your U.O.No.P.C.737/24-25 dated 1st April 1927 in regard to the reciprocity arrangement in Income Tax matters between Mysore and Civil and Military Station, Bangalore, I am directed to inquire if there are any cases of Mysore officials drawing their salaries or pension by special arrangement in the Civil and Military Station itself, whether by means of money order or through the Government Treasury there, and if so, how they are dealt with under the Mysore Income Tax Regulation. Whether they are made liable to Income Tax in the Station as well as to Mysore tax, may be kindly stated. If the reciprocity arrangement in force with British India is to be extended to the Civil and Military Station, exemption from Mysore tax will have to be allowed in such cases only as the Mysore rate of tax is lower than that in force in the Civil and Military Station.

An early reply is requested.

I have the honour to be,
Sir,
your most obedient servant

Financial Secretary to Govern

I. T. 66]

In reply refer to
No. C.7.37./24-25
Enc.....

OFFICE OF THE COMMISSIONER OF INCOME-TAX IN MYSORE,

Bangalore...30th..April.....1927. 4684

DIARY NO. 4652

10 — 17
B. L.,
Section. 97
File No. 55-24
Serial No. 34

FROM S. P. Rajagopalachari, Esq., B.A.,
COMMISSIONER OF INCOME-TAX IN MYSORE.

To 6849
3.5.27

B. Srinivasa Iyengar, Esq., B.A., B.L.,
Financial Secretary to the Government of Mysore,
Bangalore.

Sir,

With reference to your letter No.193 dated 14th April 1927 enquiring if there are any cases of Mysore officials drawing salaries or pension by special arrangement in the Civil & Military Station, Bangalore either by means of money order or from the Government Treasury there and if so how they are dealt with under the Mysore Income Tax Regulation, I have the honour to state that the Comptroller has intimated to this office that there are no cases of the kind referred to above.

2. But, if such cases had existed, then these would have been subjected to a double levy of the tax both by our Government as well as by the Civil & Military Station authorities in the absence of any reciprocal arrangements between the two areas.

I have the honour to be,
Sir,
Your most obedient servant,

Rajagopalachari

Commissioner of Income Tax.

J.T.P.
3.5.27

APP. F. VI. Gl.]

SUBJECT.....

.....

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Section S.T

File No. 53-24

Serial No.

No. Pol 1092

Diary No. of letter replied to.....

To

The Secretary to the Hon'ble
the Resident.

General and Revenue Secretariat

( )

the 192

Sir,

Date of issue 17-6-(27

Signed by.....

Subject: Reciprocal arrangement in regard to Salaries & pensions drawn in the ~~Mysore~~ & British ~~between~~ Mysore & the Assigned States & Mysore which residing in the City of Bangalore

Sir,

With reference to the correspondence ending with your letter no. S 79/134-1925 dt. 19th Jany 1927 on the above subject, I am directed to state that the Govt. of Mysore accept the views communicated in paragraph 2 of ~~your letter under acknowledgement~~.

List of enclosures.....

Copied by.....

Examined by.....

over

Yours

WD 2265—GPB—31,000—24-12-25

Mem Pl 9288/ dated 18 6/27.

Pl: Secl to Govt

B/ copy of the

above is forwarded with compliments to the Comm[r] of Income Tax in Mysore for information & guidance with reference to his letter no. C 737 & 30.4.27.

Copies of the marginally noted letters on the subject are also forwarded for information & record in his office.

1. Letter no. P & R 635/9.T 53-24-31 & 2.2.26 to the Residency
2. Letter no. S 79/134-1925 & 19.1.27 from the Residency,

B. O.

W

H: secy